



END OF SESSION FISCAL UPDATE — 2017

The following article has five sections. The first three sections summarize the condition of the General Fund, other State funds, and federal block grant funds. The fourth section is a list of links to articles on each of the policy bills that had significant fiscal impact or were otherwise of major interest. The fifth and final section is a list of links to the final action NOBAs for all of the appropriations bills.

For more detailed information regarding the General Fund and other State funds, the following documents are available:

[General Fund Balance Sheet and Support Documents](#)
[General Fund Appropriations Tracking](#)
[Other Funds Appropriations Tracking](#)
[Rebuild Iowa Infrastructure Fund](#)
[Technology Reinvestment Fund](#)
[State Bond Repayment Fund](#)
[Revenue Bonds Capitals Fund](#)
[Environment First Fund](#)
[Medicaid Fraud Fund](#)
[Quality Assurance Trust Fund](#)
[Temporary Assistance for Needy Families Fund](#)
[Health Care Trust Fund](#)
[Hospital Health Care Access Trust Fund](#)
[Skilled Worker and Job Creation Fund](#)

GENERAL FUND

Fiscal Year 2016. The FY 2016 General Fund budget ended the fiscal year with a surplus of \$44.1 million. This was \$307.6 million less than the surplus that was estimated at the time the FY 2016 budget was enacted during the 2015 Legislative Session and \$31.2 million less than the revised surplus that was estimated at the close of the 2016 Legislative Session. Several factors contributed to the change in the surplus.

- Net General Fund receipts for FY 2016 ended the year at \$254.4 million (3.5%) less than was originally estimated at the close of the 2015 Legislative Session. The original FY 2016 budget was based on the March 2015 revenue estimate of the Revenue Estimating Conference (REC) that totaled \$7.176 billion. During the 2015 Legislative Session, \$11.2 million in net revenue increases were also enacted, resulting in estimated net receipts of \$7.187 billion. In subsequent meetings, the REC lowered the estimate largely due to reduced projections experienced in personal and corporate income tax collections. Also contributing to the reduction was the enactment of [SF 126](#) (Internal Revenue Code Update Act) in February 2016 that reduced the revenue estimate by \$97.6 million. The Act conformed Iowa's revenue laws to most federal changes enacted from January 1, 2015, through January 1, 2016.
- The surplus carryforward (the moneys that carried forward from FY 2015 to FY 2016) was \$367.3 million. This was \$37.3 million (11.3%) more than estimated when the FY 2016 budget was first enacted. The increase of the surplus carryforward was the result of a larger than anticipated General Fund surplus at the end of FY 2015.
- Net appropriations (after reversions) were \$79.3 million (1.1%) more than the FY 2016 budget enacted during the 2015 Legislative Session due to the enactment of supplemental appropriations and year-end adjustments to standing appropriations. A net total of \$72.4 million in supplemental appropriations and deappropriations were enacted for FY 2016. This included supplemental

appropriations of \$82.0 million for Medicaid and \$5.4 million for other programs. There was also \$15.0 million in deappropriations enacted that offset a portion of the Medicaid increase. Standing appropriations ended the fiscal year \$10.8 million more than originally budgeted. The majority of the increase was the result of State Appeal Board and Homestead Property Tax claims exceeding the estimated budgets by \$4.1 million and \$4.0 million, respectively.

Fiscal Year 2017. The original FY 2017 budget enacted by the General Assembly during the 2016 Legislative Session was based on a revenue estimate of \$7.380 billion. In addition, the estimated carryforward from the FY 2016 surplus at that time was \$45.6 million. Net appropriations totaled an estimated \$7.346 billion, resulting in an estimated surplus of \$80.0 million. The REC met in December 2016 and lowered the FY 2017 revenue estimate by \$168.1 million (2.3%). In addition, the surplus carryforward was \$27.4 million less than originally estimated. The net impact of these changes resulted in an overall estimated decrease in available General Fund resources of \$195.5 million (2.6%).

The revenue drop resulted in an estimated budget shortfall of \$112.7 million for FY 2017. In response, the General Assembly passed [SF 130](#) (2017 Budget Adjustment Act) and the Governor signed the Bill on February 1, 2017. Senate File 130 reduced General Fund appropriations to State agencies and programs by \$88.2 million (1.2%) and increased revenues by \$25.2 million through the transfer of funds from various non-General Fund sources to the General Fund. The changes in SF 130 left an estimated ending balance of \$0.7 million in the General Fund.

On March 14, 2017, the REC again lowered the FY 2017 General Fund revenue estimate, this time by an additional \$105.9 million (1.5%). The revised revenue estimate resulted in a projected budget shortfall of \$130.4 million. To bring the budget back into balance, the General Assembly included a transfer of \$131.1 million from the Cash Reserve Fund in [SF 516](#) (2017 Standing Appropriations Bill). The estimated General Fund ending balance is now \$1.6 million.

Fiscal Year 2018. The FY 2018 General Fund budget enacted by the 2017 General Assembly was based on total available revenue of \$7.371 billion. This includes the March 2017 revenue estimate of \$7.365 billion and net revenue adjustments of \$6.0 million enacted during the 2017 Legislative Session.

The General Assembly appropriated \$7.269 billion from the General Fund for FY 2018, an increase of \$9.0 million (0.1%) compared to the estimated net FY 2017 appropriations. However, there were four appropriations that received significant increases relative to other State agencies' appropriations. These included State Aid to Schools, a one-time appropriation to the Cash Reserve Fund, the Family Investment Program, and Child Care Assistance. These four appropriations received increases totaling \$76.7 million (2.4%). All other General Fund appropriations combined were decreased by \$67.7 million (1.7%). The following table summarizes the significant increases.

Significant Increases in FY 2018 General Fund Appropriations				
(Dollars in Millions)				
	Est Net FY 2017	Final Action FY 2018	Change	Percent Change
Net State Foundation School Aid	\$ 3,141.4	\$ 3,183.7	\$ 42.3	1.3%
Cash Reserve Fund	0.0	20.0	20.0	--
Family Investment Program/JOBS	36.2	43.0	6.8	18.8%
Child Care Assistance	31.7	39.3	7.6	24.0%
Subtotal	\$ 3,209.4	\$ 3,286.1	\$ 76.7	2.4%
All Other Appropriations	\$ 4,050.3	\$ 3,982.5	\$ -67.7	-1.7%
Total	\$ 7,259.6	\$ 7,268.6	\$ 9.0	0.1%
Numbers may not equal totals due to rounding.				

The General Fund ending balance for FY 2018 is estimated to be \$106.9 million. The combined balances in the State's reserve funds are estimated to be \$625.1 million, which is \$122.0 million below the statutory maximum of \$737.1 million (10.0% of the adjusted revenue estimate). The balance in the Taxpayers Trust Fund for FY 2018 will remain at \$8.2 million, as the required statutory criteria that would enable the Trust Fund to receive additional funding was not met.

Fiscal Year 2019. The General Assembly appropriated a partial budget for FY 2019, totaling \$2.442 billion. This includes an appropriation of \$111.1 million to the Cash Reserve Fund, which fills up the reserve funds to the FY 2019 statutory maximum of \$763.2 million and results in an estimated surplus carryforward of \$76.6 million in FY 2019. The partial budget funds the majority of State agencies' operating budgets at 50.0% of their FY 2018 funding level.

The tables below provide a summary of the General Fund balance sheet and the Cash Reserve Fund and Economic Emergency Fund balances.

General Fund Budget				
(Dollars in Millions)				
	Actual FY 2016	Est Net FY 2017	Final Action FY 2018	Final Action FY 2019
Resources:				
Receipts (Dec Est)	\$ 6,921.1	\$ 7,211.9	\$ 7,556.3	\$ 7,858.6
March REC Adjustment		- 105.9	- 191.8	- 232.1
Net Receipts	6,921.1	7,106.0	7,364.5	7,626.5
Cash Reserve Fund Transfer	0.0	131.1	0.0	0.0
Revenue Adjustments	0.0	0.9	6.0	6.1
Subtotal Receipts	6,921.1	7,238.0	7,370.5	7,632.6
Surplus Carryforward (EEF Excess)	367.3	18.2	0.0	76.6
Total Available Resources	\$ 7,288.4	\$ 7,256.2	\$ 7,370.5	\$ 7,709.2
Expenditure Limitation			\$ 7,296.7	\$ 7,632.7
Estimated Appropriations and Expenditures:				
Appropriations	\$ 7,182.4	\$ 7,347.8	\$ 7,268.6	\$ 2,441.8
Appropriation Adjustments	0.0	0.0	0.0	0.0
Supplemental/Deappropriations	72.4	- 88.2	0.0	0.0
Total Appropriations	\$ 7,254.8	\$ 7,259.6	\$ 7,268.6	\$ 2,441.8
Reversions	- 10.5	- 5.0	- 5.0	- 5.0
Net Appropriations	\$ 7,244.3	\$ 7,254.6	\$ 7,263.6	\$ 2,436.8
Ending Balance - Surplus	\$ 44.1	\$ 1.6	\$ 106.9	\$ 5,272.4

Combined Reserve Fund Balances				
(Dollars in Millions)				
	Actual FY 2016	Est Net FY 2017	Final Action FY 2018	Final Action FY 2019
Cash Reserve Fund	\$ 539.2	\$ 422.4	\$ 444.0	\$ 572.4
Economic Emergency Fund	189.9	184.5	181.1	190.8
Total	\$ 729.1	\$ 606.9	\$ 625.1	\$ 763.2
Statutory Maximum				
Cash Reserve Fund	\$ 539.0	\$ 553.5	\$ 552.8	\$ 572.4
Economic Emergency Fund	179.7	184.5	184.3	190.8
Total CRF and EEF	\$ 718.7	\$ 738.0	\$ 737.1	\$ 763.2

OTHER STATE FUNDS

For FY 2018, the General Assembly appropriated \$1.214 billion from non-General Fund sources, which is a decrease of \$32.5 million compared to estimated net FY 2017. The General Assembly also appropriated a partial budget for FY 2019 totaling \$707.3 million. The following table summarizes the other fund appropriations by Appropriations Subcommittee.

Other Fund Appropriations by Subcommittee					
(Dollars in Millions)					
	Actual FY 2016	Est Net FY 2017	Final Action FY 2018	FY 2018 vs FY 2017	Final Action FY 2019
Administration and Regulation	\$ 52.6	\$ 54.2	\$ 54.4	\$ 0.2	\$ 27.2
Agriculture and Natural Resources	90.3	90.2	90.1	0.0	39.3
Economic Development	33.9	34.0	44.7	10.7	20.3
Education	40.3	40.3	40.3	0.0	20.2
Health and Human Services	423.7	449.4	426.2	-23.3	324.1
Justice System	18.3	17.8	15.5	-2.3	6.7
Transportation, Infrastructure, and Capitals	526.5	542.4	538.1	-4.3	223.4
Unassigned Standings	13.3	17.9	4.3	-13.6	46.3
Grand Total	\$ 1,198.9	\$ 1,246.2	\$ 1,213.7	\$ -32.5	\$ 707.3

Numbers may not equal totals due to rounding.

Approximately 72.0% of the FY 2018 other fund appropriations were from four sources: the Primary Road Fund, Health Care Trust Fund, Rebuild Iowa Infrastructure Fund, and Temporary Assistance for Needy Families (TANF) Fund. The following table summarizes the other fund appropriations by fund source.

Other Fund Appropriations by Fund Source

(Dollars in Millions)

	Actual FY 2016	Est Net FY 2017	Final Action FY 2018	Final Action FY 2019
Primary Road Fund	\$ 315.3	\$ 320.6	\$ 333.3	\$ 162.3
Health Care Trust Fund	225.0	219.9	221.9	221.9
Rebuild Iowa Infrastructure Fund	198.4	194.5	181.2	77.8
Temporary Assistance for Needy Families	123.8	156.3	132.0	66.0
Skilled Worker and Job Creation Fund	66.0	66.0	66.0	66.0
Road Use Tax Fund	52.3	52.9	53.5	26.9
Fish and Game Fund	42.0	43.1	43.1	21.6
Quality Assurance Trust Fund	37.2	36.7	36.7	18.4
Hospital Health Care Access Trust Fund	34.7	34.7	33.9	17.0
Commerce Revolving Fund	28.6	30.2	30.4	15.2
Other	75.6	91.3	81.7	14.2
Total	\$ 1,198.9	\$ 1,246.2	\$ 1,213.7	\$ 707.3

Numbers may not equal totals due to rounding.

FEDERAL BLOCK GRANT FUNDS

The General Assembly passed the Federal Block Grant Bill that appropriates federal funds made available from federal block grants and other nonstate sources. [Senate File 498](#) authorizes the receipt and expenditure of federal block grant funds totaling \$426.3 million for FFY 2018 and \$332.5 million for FFY 2019. The Bill authorizes federal block grant funds on a federal fiscal year basis. The federal funding levels specified in SF 498 are based on projected spending authority as authorized by Congress.

Federal Block Grant Appropriations - SF 498

(Dollars in Millions)

	Final Action FFY 2018	Final Action FFY 2019
Department of Public Health		
Substance Abuse Block Grant	\$ 13.1	\$ 13.1
Maternal and Child Health Services Block Grant	6.5	6.5
Preventive Health and Health Services Block Grant	1.7	1.7
Department of Human Services		
Community Mental Health Services Block Grant	4.1	4.1
Social Services Block Grant	15.3	15.3
Child Care and Development Block Grant	49.5	49.9
Department of Justice		
Stop Violence Against Women Block Grant	1.7	1.7
Governor's Office of Drug Control Policy		
Residential Substance Abuse Treatment for Prisoners	0.1	0.1
Edward Byrne Memorial Justice Assistance Grant Program	1.8	1.8
Department of Human Rights – Division of Comm. Action Agencies		
Community Services Block Grant	7.7	7.7
Low-Income Home Energy Assistance Program	52.9	52.9
Iowa Economic Development Authority		
Community Development Block Grant	22.5	22.5
Housing and Urban Development Disaster Relief Grant	96.9	0.0
Department of Transportation		
Surface Transportation Block Grant	152.5	155.2
Total	\$ 426.3	\$ 332.5

LEGISLATION WITH SIGNIFICANT IMPACT

[School Finance Legislation \(SF 166, SF 516, HF 564, HF 565\)](#)

[SF 230 – Health Insurance Premiums, Legislators](#)

[SF 234 – Texting While Driving as Primary Offense](#)

[SF 238 – Sexual Exploitation by School Employee](#)

[SF 240 – Student Statewide Assessments](#)

[SF 274 – Computer Science](#)

[SF 358 – Search Warrants, Electronic Applications to Court](#)

[SF 374 – State Public Defender Office, General Policy](#)

[SF 403 – Equipment Rental Services, Theft](#)

[SF 444 – Safer Roads](#)

[SF 445 – Law Enforcement Privilege](#)

[SF 446 – Asset Forfeiture](#)

[SF 471 – Abortion Prerequisites and Limitations](#)

[SF 484 – Pharmacy Regulation](#)

[SF 489 – Fireworks Legislation](#)

[SF 500 – E911 Consolidation](#)

[SF 501 – Sheriff Fees](#)

[SF 504 – Mental Health County Levy](#)

[SF 505 – Homebuyer Savings Account Income Tax Exemption](#)

[HF 52 – Interference with Official Acts of Court Bailiffs](#)

[HF 203 – Secondary Road Fund](#)

[HF 233 – Step Therapy Insurance Coverage](#)

[HF 242 – Election Campaign Income Tax Checkoff](#)

[HF 263 – Domestic Abuse Assault](#)

[HF 291 – Public Employment Reform](#)

[HF 463 – Motor Vehicle Enforcement and Commercial Learner's Permits](#)

[HF 478 – Property Assessment Appeal Board Sunset](#)

[HF 516 – Secretary of State Election Integrity](#)

[HF 517 – Weapons](#)

[HF 518 – Workers' Compensation](#)

[HF 524 – Medical Cannabidiol](#)

[HF 526 – Harassment or Invasion of Privacy](#)

[HF 529 – Occupational Safety Enforcement](#)

[HF 542 – Unemployment Compensation Disqualifications](#)

[HF 548 – Stroke Care](#)

[HF 566 – School Board Elections on City Election Date](#)

[HF 573 – Home Rule](#)

FINAL ACTION ON APPROPRIATIONS BILLS

[HF 640 – Administration and Regulations Appropriations Bill](#)

[SF 510 – Agriculture and Natural Resources Appropriations Bill](#)

[SF 513 – Economic Development Appropriations Bill](#)

[HF 642 – Education Appropriations Bill](#)

[HF 653 – Health and Human Services Appropriations Bill](#)

[SF 508 – Judicial Branch Appropriations Bill](#)

[SF 509 – Justice System Appropriations Bill](#)

[SF 497 – Transportation Appropriations Bill](#)

[HF 643 – Infrastructure Appropriations Bill](#)

[SF 516 – Standing Appropriations Bill](#)

[SF 130 – FY 2017 Budget Adjustment Bill](#)

[SF 498 – Federal Block Grant Appropriations Bill](#)

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